RESEARCH SYNOPSIS

A STUDY ON CUSTOMER SATISFACTION OF LIC PRODUCTS WITH SPECIAL REFERENCE TO MADHUBANI DISTRICT

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LALIT NARAYAN MITHILA UNIVERSITY
KAMESHWARANAGAR, DARBHANGA

SUPERVISED BY:
Dr. Sunil Kumar
Assistant Professor
Department of Commerce
Ram Krishna College
Madhubani-847211
(A Constituent Unit Of Lalit Narayan Mithila University, Darbhanga)

SUBMITTED BY:
Shikha Kumari
PAT Roll No. 22040384
Address: Ward no - 14,
Tharhi, Andhratharhi,
Madhubani, Bihar

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Introduction:

In the constantly changing insurance industry, customer satisfaction is a critical benchmark that directly influences the success and sustainability of insurance providers. The proposed empirical study will dive deeper about customer satisfaction with a focus on the products offered by the Life Insurance Corporation (LIC) within the special context of Madhubani district of Muzaffarpur division (LIC division). Life insurance is an important financial instrument which plays a crucial role in securing the future for individuals and their families. The Madhubani district situated in the heart of Bihar, presents a distinctive demographic and socio-economic profile, making it an interesting area for this research.

As the insurance sector continues to evolve, it becomes important to understand the factors which affect customer satisfaction. Those factors will guide the policymakers to make better products. This study aims to provide valuable insights into the perceptions, experiences, and expectations of customers who have bought LIC's life insurance products in Madhubani district. By performing empirical research methodologies, including surveys, interviews, and data analysis, this study seeks to uncover the details of customer satisfaction within this specific geographical context.

The findings of this research will contribute to the academic discourse in the insurance sector and will also offer practical implications for LIC and other stakeholders in the insurance sector. The unique socio-cultural condition of the Madhubani district adds a layer of complexity to customer preferences and expectations, making this study a significant contribution to understanding regional variations in the life insurance domain. The goal of the research is to unearth actionable insights that can enhance the quality of the life insurance offerings and services, resulting in a more satisfied and secure customer base.

Indian Scenario:

The history of insurance is very old, the summary of which is found in the writings of Manusmriti, Yangyavalka Dharmshastra and Kautilya Arthshastra in ancient India. Oriental life insurance company was the first insurance company in India which was established in 1818. But this company had very costly premiums for Indians and was mainly focused to serve the Europeans.

In the year 1870, Mumbai Mutual Life Insurance Society came into existence as the first Indian life insurance company and started selling life insurance products to Indians at normal rates. Swadesi movement gave birth to more insurance companies during the year 1905-07. Although there were already a large number of insurance companies and the level of competition was very high and unfair trade practices were also claimed. Therefore, the

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Government of India decided to nationalise insurance. As a result, after nationalization of all 245 Indian and foreign companies engaged in the life insurance sector, LIC came into existence on 1 Sep 1956.

Until the end of the 1990s, LIC had a monopoly in the insurance sector, after which the insurance sector was again opened to the private sector. At present there are 57 insurance companies in India. Of these, 24 companies provide life insurance products and the remaining 33 provide non-life insurance products. Out of these 7 companies are public sector companies.

Madhubani District: A Glimpse

As of today, Life Insurance Corporation functions with 2048 fully computerized branch offices, 113 divisional offices, 8 zonal offices, 1381 satellite offices and the corporate office. Muzaffarpur is one of the 113 LIC's divisional offices. The Muzaffarpur division consists of Muzaffarpur, Darbhanga, Madhubani, West Champaran, East Champaran and Sitamarhi district of Bihar. This study is proposed to conduct the research work for the Madhubani district of the Muzaffarpur division of LIC. Madhubani district is a famous district in Mithilanchal region and Maithili is the local language here. In the context of the economy, the area is renowned for the trade of mangoes, makhana, and fish, which are agricultural products. The district is also known for its local art forms, such as Mithila paintings, handicrafts and pottery, which serve as significant sources of income for the rural population in the region. With the advantage of the internet and an increase in awareness of the sustainability of household products, rural products are reaching corners of the whole world, and the economic future of the region should improve in the future. With economic progress, one of the interesting fields to study in the district would be the insurance sector. As government organizations have always been more authentic in people's eyes, LIC will be the key player in the insurance sector in the near future.

LIC Products Under Study:

Endowment Plan:

- **LIC SIIP (Systematic Investment Insurance Plan):** This policy is a unique offering that blends the benefits of life insurance with the potential for wealth creation through systematic investments. It presents policyholders with a dual advantage, allowing them to protect their family's future while participating in the growth of the financial markets.

- **LIC Jivan Labh:** LIC Jeevan Labh Plan 936 (previously known as LIC Jeevan Labh 836) is an endowment plan that combines the benefits of life protection and savings. The plan comes with maturity benefits if you survive the policy term. Its participating nature allows customers to earn a percentage of the profits made by LIC of India. This

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makes it an ideal choice for savings, increased returns, and insurance protection, all in one product.

- **LIC New Jivan Anand**: LIC New Jeevan Anand is an endowment life insurance policy offered by the Life Insurance Corporation of India (LIC). The plan's core benefits include financial security against the policyholder's death and a lump sum amount at the end of the chosen policy tenure in case of his/her survival.

- **LIC Jivan Lakshya:** LIC Jeevan Lakshya is a limited premium paying conventional plan which is non-linked and classified as a With-Profits Endowment Assurance plan. The plan came into effect in March 2015. This plan provides an annual income which can be beneficial towards the needs of the family, especially the minors, in case of the death of the policyholder before the maturity of the plan. A lump sum amount is also made available at the end of the maturity period, regardless of the survival of the policyholder.

Sampoorna Jivan Bima:

- **LIC Jivan Utsav:** LIC's Jeevan Utsav is a Non-Linked, Non-Participating, Individual, Savings, Whole Life Insurance plan. This plan provides financial support to families in case of unfortunate death of Life Assured and survival benefits in the form of Regular Income Benefit or Flexi Income Benefit as per the option chosen for surviving policyholders.

- **LIC Jivan Umang**: This plan was recently launched in May, 2017 and is a limited premium payment option plan. LIC Jeevan Umang offers a life cover of up to 100 years. It is a whole life insurance plan that offers survival benefit at the end of the premium paying term, a lump sum amount on the completion of the policy term or on the death of the policy holder during the policy period. LIC Jeevan Umang is a traditional, non-linked with-profit plan whole life assurance plan. It is a combination of both income and protection.

Term-Insurance plan:

- **LIC Saral Jivan Bima:** Categorized under term insurance, LIC's Saral Jeevan Bima is an individual, non-participating, non-linked pure risk life insurance policy that offers comprehensive protection against the death of the life assured. The plan comes with an assured death benefit; however, no maturity benefit is payable at the end of the policy term if the policyholder survives the entire duration. Notably, LIC's Saral Jeevan Bima is available for purchase both online and offline.

Rider:

- **LIC Linked Durghatna Mrityu Hitlabh Rider:** The LIC Accidental Death Benefit Rider offered by LIC is designed to mitigate the financial aspect of accidental death, ensuring that the grieving family is well-taken care of despite the loss. It is an added benefit that offers extra financial compensation for the death of the life assured due to an accident.

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Shikha Kumari
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Scholar

Review of Literature:

Suthakar, S., & Ragunathan, T. (2023), in their study titled "*Customer Satisfaction Towards the products of Life Insurance Corporation in Chennai District*" delves into customer satisfaction towards Life Insurance Corporation (LIC) products in Chennai District, addressing functions, problems, and satisfaction levels among policyholders. Problems identified include insufficient product promotion and inadequate sales channels. The research methodology employed a descriptive design, utilizing primary data from structured questionnaires and secondary data from various sources. Customer satisfaction hinges on factors like product quality, customer service, and pricing. LIC's commitment to meeting customer needs ensures its status as a trusted insurance provider in Chennai district.

Subashini, S., & Velmurugan, R. (2016), conducted their study titled "*Policyholders satisfaction of Life Insurance Products with reference to Coimbatore district*" and explored the policyholder satisfaction and its determinants. Focused on Coimbatore District, the study highlights the importance of customer satisfaction in insurance, stressing the impact of dissatisfied customers on organizational interests. It emphasizes the need to develop parameters for service excellence to maintain high satisfaction levels, especially in an era of rising consumer empowerment. Efficient service delivery is crucial for ensuring customer satisfaction, loyalty, and overall business growth within the insurance ecosystem.

Sivasakthivel, E. K., & Thirunavukkarasu, M. K. (2016), in the study titled "*A study on policy holders satisfaction towards the products of Life Insurance Corporation of India-with special reference to Ariyalur district*" investigated the socio-economic profile of policyholders in the Indian insurance sector, focusing on Life Insurance Corporation's (LIC) services in Ariyalur district. The study aims to identify satisfaction levels and proposes strategies to enhance policyholder satisfaction. Findings suggest that factors like educational qualification and income influence satisfaction levels, with a need for improved rural outreach and awareness among female policyholders. Overall, policyholders exhibit satisfaction with LIC's services, indicating areas for further enhancement in service offerings and customer engagement.

Mohideen, R. K., & Sekar, K. (2016), in their research titled "*A study on policy-Holders satisfaction of life insurance corporation of India at Sirkali Town*" examines policyholder satisfaction with Life Insurance Corporation of India in Sirkali Town. It underscores the importance of life insurance in providing financial security to policyholders and their dependents. The research investigates the relationship between types of policies and the number of dependents, revealing preferences for whole life and endowment policies among various family structures. Additionally, the study emphasizes the social responsibilities of life insurance companies, highlighting the need to adapt to emerging market needs and contribute to societal development for improving the quality of insurance products.

Agila, M. (2014), in the study titled "*LIC policyholder satisfaction in Krishnagiri District*" revealed that the majority of the customers are satisfied with the services provided by LIC. It is also found that there exists a relationship between the selected variables namely area of residence, educational qualification, and occupation, respondent's annual income, family annual income and the satisfaction of the customers. The study concluded that there is a

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Shikha Kumari
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Scholar

demand for LIC to create awareness and customer satisfaction over the services in rural areas massively.

Ramanathan, K. V. (2012), in his study titled "*A study on policyholders satisfaction with reference to life insurance corporation of india*" investigated policyholders' satisfaction concerning Life Insurance Corporation of India (LIC) through various objectives including demographic profiling, perception of customer relationship activities, and factors influencing satisfaction. It proposes a reliable instrument for assessing service quality, emphasizing dimensions such as assurance, competence, and technology. The findings highlight ample room for improvement in service quality within India's life insurance sector, suggesting strategies for competitive advantage through customer satisfaction and retention. The evolving landscape of the insurance industry, driven by technology, economic factors, and changing consumer demands, underscores the need for adaptation and innovation to meet evolving market dynamics and customer expectations.

Statement of Research Problem:

After studying various available literature, it's evident that the research on customer satisfaction regarding LIC products in rural areas like Madhubani district is scarce, despite the significant rural population which constitutes about 80% of Indian population. Given the growing importance of life insurance in modern times and the competitive market landscape, it's crucial for insurance companies to tailor quality products to meet consumer needs and maintain satisfaction. Thus, the proposed research aims to investigate customer satisfaction with Life Insurance Corporation of India's products, particularly focusing on Madhubani district, to enhance customer-centric approaches and ensure profitability amidst stiff market competition.

Significance of Study:

This study is noteworthy in a number of ways. The study's conclusions offer a more accurate scientific measurement as well as a management strategy for customer happiness and discontent. The life insurance industry can benefit from this research. Since it will be centered on the needs of the clients. Life insurance providers are able to comprehend the requirement for assistance. Insurance firms are aware of the services that are taken into account when selecting a life insurance provider. Important considerations for selecting insurance providers will be drawn from the study. And based on these elements, businesses will be inspired to concentrate on these crucial elements in order to draw in clients. The research will also provide insight into the services that consumers frequently utilize.

For this reason, businesses should consider concentrating on specialized services in order to reap the greatest rewards. Factors influencing customer happiness will surface from this study, enabling the business to concentrate on them in order to please clients. Life insurance businesses can benefit greatly from this study's vital information, which will enable them to offer helpful recommendations for improvements in Madhubani district region.

Sunil
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Shweta Kumari
19/04/2024
Scholar

Objectives of the Study:

1. To evaluate customers' satisfaction with regards to the products of LIC in the targeted area.
2. To study the problems faced by consumers while selecting LIC products.
3. To examine the impact of demographic factors, such as gender, age, education, income, occupation, etc., on product quality dimensions.
4. To submit useful suggestions to LIC in the light of the customer's changing preferences.

Hypothesis:

1.

   H0: There is no significant relationship between customer satisfaction and the product elements of LIC.

   H1: There is a significant relationship between customer satisfaction and the product elements of LIC.

2.

   H0: There is no significant difference in overall product quality based on demographic factors.

   H1: There is a significant difference in overall product quality based on demographic factors.

Research Methodology and Design:

Research Design - The research design used in this study is descriptive and exploratory.

Population - Population plays an important role in determining sample size. The main objective of the study is to research the customer satisfaction level for the different products of LIC India in Madhubani district. Hence anyone who is a customer of one or more LIC products will be considered as the population for the research work.

Selected Sampling Area: Endowment plan, Sampoorna Jivan Bima and Term Insurance plan will be taken as a study area.

Sample Size:

Based on the population size, approximately 1000 samples will be taken for the proposed study.

Data Collection:

In this study, data collection will be done from primary and secondary data sources.

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Source of Primary Data:

The primary data will be gathered by the researcher herself. The primary data will be collected through:

1. Questionnaire
2. Interview
3. Survey

Source of Secondary Data:

It refers to the data that has previously been gathered by someone else. The secondary data will be collected through:

1. IRDAI annual report
2. Journals
3. Information on internet
4. Book
5. Magazine
6. Newspaper

Data Analysis Techniques:

For the presentation and analysis of data, the following statistical techniques will be used.

1. Chi square
2. ANOVA analysis
3. Kruskal Wallis test
4. T- test
5. Correlation
6. Regression
7. SPSS 28

Sunil
19/04/2024

Shikha Kumari
19/04/2024
Scholar

Plan of Work: The proposed research work is divided into 5 chapters. The chapter scheme and its contents are given as follows:

Chapter 1: Introduction

This chapter will include a detailed overview of the subject, the Indian context and explain the research problem. It will also deal with the literature review, significance of the study, objectives of the study and research methodology .

Chapter 2: LIC;Growth and Development

This chapter will elaborate the LIC's growth from strength to strength through its product offerings, customer base, new business premiums and how it is playing a significant role in spreading life insurance widely across the country.

Chapter 3: Products of LIC- An Introduction

This chapter will provide details in depth about the insurance company LIC India and its products that are available in the Madhubani district.

Chapter 4: Customer Satisfaction of the LIC Products in Targeted Area - An Empirical Analysis

This chapter will provide the analysis and interpretation for the collected primary and secondary data from the Madhubani district with special focus on the customer satisfaction.

Chapter 5: Findings, Conclusion and Suggestions:

This chapter will share the findings available from chapter – 4. The chapter will conclude the findings and provide suggestions for the betterment of the products of LIC India.

Sumit
19/04/2024

Shicha Kamari
19/04/2024
Scholar

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Sunil
19/04/2024

Supervisor:
Dr. Sunil Kumar

Date:

Shikha Kumari
19/04/2024

Research Scholar:
Shikha Kumari

Date: